

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Edison Company (U 338-E) for a Certificate of Public Convenience and Necessity Concerning the Antelope-Pardee 500 kV (Segment 1) Transmission Project as Required by Decision 04-06-010 and as Modified by Subsequent Assigned Commissioner Ruling.

Application 04-12-007
(Filed December 9, 2004)

In the Matter of the Application of Southern California Edison Company (U 338-E) for a Certificate of Public Convenience and Necessity Concerning the Antelope-Vincent 500 kV (Segment 2) and Antelope-Tehachapi 500 kV and 220 kV (Segment 3) Transmission Projects as Required by Decision 04-06-010 and as Modified by Subsequent Assigned Commissioner Ruling.

Application 04-12-008
(Filed December 9, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING
SETTING PREHEARING CONFERENCE**

Background

By these applications, Southern California Edison Company (SCE) seeks certificates of public convenience and necessity (CPCNs) to construct additional transmission capacity located in Los Angeles County, California. Application (A.) 04-12-007, SCE's proposed Antelope-Pardee 500 kilovolt (kV) Transmission Project, would include the construction of a new 25.6-mile, 500 kV transmission line to connect SCE's existing Antelope Substation, located in Lancaster, with SCE's existing Pardee Substation, located in Santa Clarita. Initially, this

transmission line would be energized at 220 kV. The project would also include an expansion of the Antelope substation and the relocation of several existing 66 kV transmission lines in the vicinity of the Antelope substation.

The proposed Antelope-Pardee 500 kV Transmission Line project is also referred to as “Segment 1 of the Antelope Transmission Project” or “Phase 1 of the Tehachapi upgrades.”

A.04-12-008, SCE’s application for a CPCN for Segments 2 and 3 of the Antelope Transmission Project, was filed simultaneously. A.04-12-008 would include the construction of a new 17.8-mile, 500 kV transmission line to connect SCE’s Antelope Substation with SCE’s Vincent Substation, located near Acton, California (Segment 2), and a new 26.1-mile, 500 kV transmission line to connect the Antelope Substation with a new substation to be located in Southern Kern County. The project also includes a 2nd substation to be located approximately seven miles west of Mojave, and a new 9.4-mile 200 kV transmission line to connect the two substations (Segment 3). The two applications are not consolidated.

The Commission will conduct an environmental review of the proposed projects pursuant to the California Environmental Quality Act (CEQA). The application and PEA for A.04-12-007 was deemed complete by the Commission’s Energy Division on April 6, 2005. The PEA for A.04-12-008 remains incomplete. In addition to the environmental issues, the applications raise several other non-environmental issues related to the need for and cost-effectiveness of Segments 1, 2, and 3 of the Antelope Transmission Line Project.

In preparing this ruling, I have consulted the Assigned Commissioner. Commissioner Grueneich has informed me that she considers processing these Applications to be a matter of extremely high priority, and expects all parties to

cooperate as needed to assure a Commission decision at the earliest possible date.

The Commission issued preliminary findings in Resolution ALJ 176-3145, issued on January 13, 2005, that the category for the proceedings is ratesetting and that hearings are necessary. Until the Assigned Commissioner issues a scoping memo, the *ex parte* rules as set forth in Rule 7(c) of the Commission's Rules of Practice and Procedure (Rules) apply to these proceedings.

On January 18, 2005, PPM Energy, Inc. submitted a timely response to A.04-12-007 and A.04-12-008. Anaverde, LLC and Palmdale Hills Property, LLC also submitted timely responses to A.04-12-008. On April 7, 2005, the Office of Ratepayer Advocates (ORA) filed motions for leave to late file protests to A.04-12-007 and A.04-12-008, with the protests attached. ORA seeks to participate in the proceedings to protect the interests of utility ratepayers as required by Public Utilities Code Section 309.5. ORA acknowledges that the protest period for the applications has expired, but requests that the Commission accept its protests as: (1) no other party to this proceeding is representing ratepayers and, (2) acceptance of the protests will not unduly prejudice any party to the proceedings or delay the proceedings in any way. ORA's request for permission to late file its protests is granted.

In addition, the Commission has received numerous letters and e-mails regarding the proposed projects that do not meet the formal filing requirements in Article 2 of our Rules. I have reviewed all of the letters and e-mails, and have placed them in each proceeding's correspondence file. As discussed below, the addresses of all persons who submitted correspondence to the Commission will be placed on the Energy Division's environmental service lists. Copies of the

letters and e-mails are also being circulated to Commissioners and relevant Commission staff.

Prehearing Conference

The Commission will hold a prehearing conference (PHC) at 10 a.m. on Wednesday, May 25, 2005, in the Commission's Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. At the PHC, we will discuss the scope and procedural schedule for the cases. We will also take appearances and develop official service lists.

Issues Raised by SCE's Applications

In A.04-12-007, SCE states that Segment 1 of the Antelope Transmission Project is needed to eliminate "expected thermal overloads in excess of maximum allowable limits on the existing system after the inclusion of a new wind generation project as identified in the corresponding System Impact and Facilities Studies." (SCE Opening Testimony, p. 5.)

SCE also states that it filed this conditional application pursuant to Ordering Paragraph 8 of Commission Decision (D.) 04-06-010, which required SCE to "file an application seeking a certificate authorizing construction of the first phase of Tehachapi transmission upgrades consistent with its 2002 conceptual study and the study group's recommendation within six months of the effective date of this order."¹ Ordering Paragraph 8 was based on Finding of Fact 18, which found that the "magnitude and concentration" of renewable

¹ By Assigned Commissioner's Ruling dated October 21, 2004 in Investigation (I.) 00-11-001, SCE was directed to file two separate CPCN applications for the Tehachapi upgrades: one CPCN application for Segment 1 and one CPCN application for Segments 2 and 3.

resources identified in the California Energy Commission's (CEC's) Renewable Resources Report justified a "first phase of Tehachapi transmission upgrades" to facilitate achievement of goals required by Public Utilities Code Section 399.11.

In addition to directing SCE to file applications for the first phases of the Tehachapi upgrades, D.04-06-010 required that a collaborative study group be convened to develop a comprehensive transmission development plan for the phased expansion of transmission capabilities in the Tehachapi area. SCE, acting on behalf of the study group, filed the Tehachapi Collaborative Study Group (TCSG) Report on March 16, 2005. Opening and Reply comments on the TCSG Report were filed on April 6, 2005, and April 20, 2005, respectively.

SCE states that its requests for CPCNs for Segments 1, 2, and 3 of the Antelope Transmission Project are conditioned on the establishment of clear cost recovery mechanisms in advance of construction. SCE has filed a petition with the Federal Energy Regulatory Commission (FERC) for a declaratory order finding that the costs of Segments 1, 2, and 3 of the Antelope Transmission Project are eligible to be recovered in transmission rates.² Alternatively, if the FERC determines that the cost of Segments 1, 2, and 3 of the Antelope Transmission Project are ineligible for recovery in transmission rates, SCE requests that the Commission find that the prudently incurred cost of Segments 1, 2, and 3 the Antelope Transmission Project are eligible for recovery in retail rates under Section 399.25(b)(4).

With respect to Segment 1 of Antelope Transmission Line Project, the Commission has previously determined in D.04-06-010 that the "magnitude and

² See Southern California Edison Company Petition for Declaratory Order in FERC Docket No. EL05-80, March 23, 2005.

concentration” of renewable resources identified in the CEC’s Renewable Resources Report justified a finding that “[T]he first phase of Tehachapi upgrades should be considered necessary to facilitate achievement of RPS goals established in Public Utilities Code Section 399.14.” (D.04-06-010, *mimeo.*, p. 44.) However, in D.04-06-010, the Commission stated that “the need determinations in individual CPCN proceedings will relate to the particular projects and upgrades associated with that specific proceeding. In this decision, we are making an initial need determination overall with respect to the necessary contribution of Tehachapi wind in general to meeting RPS goals. Thus, these need determinations are separate and severable.” (D.04-06-010, *mimeo.*, p. 17.)

The Commission further stated that, “when a utility files a certificate application for Tehachapi upgrades, we will consider at that time the exact ratemaking treatment contemplated under Section 399.25 and will also address project financing, as well as any additions to the record regarding need, as necessary.” (*Id.*, p. 18.) An initial review of SCE’s applications reveals that additional testimony will likely be necessary.

We direct SCE and request the other parties to address the following matters in PHC Statements in order to expedite the conduct of the PHC:

1. The status of SCE’s Petition for Declaratory Order at the FERC.
2. SCE states that it has received an interconnection application, and has completed a System Impact Study and a Facilities Study for a potential alternative energy project totaling 201 MW which will require Segment 1 of the Antelope Transmission Project. SCE’s testimony should provide further information regarding the project, including whether it has received an RPS contract, the project’s permitting status, and an estimate of the likelihood of the identified project coming on line.

3. As SCE notes in its comments on the TCSG Report, “any development schedule for the Tehachapi conceptual plan should, at the very least, take into account the results of the RPS process.” Should SCE be required to submit additional testimony on its RPS status, including its RPS Plan for 2005-2014 filed on March 7, 2005 in R.04-04-026 and a report on the current RPS procurement status, including contracts signed, advice letters filed, and identification of the location, technology, size, expected on-line dates, and permitting status of renewable resources acquired under the RPS process?
4. In discussing need-related issues, should we solicit testimony on the results of Pacific Gas and Electric Company’s (PG&E) and San Diego Gas & Electric Company’s (SDG&E) RPS solicitations, and the status of PG&E and SDG&E’s RPS compliance efforts generally, in order to identify any projects under contract with other utilities that are dependent upon Segments 1, 2, or 3 of the Antelope Transmission Line Project.
5. Consistent with the initial findings of the TCSG Report, should the Commission consider adopting a “trigger” mechanism whereby approval or construction of each phase of the Tehachapi upgrades would be triggered.
6. Given that the TCSG Report indicates that the full development of the identified wind energy resources at Tehachapi is likely to require additional new transmission, beyond what is proposed in the Antelope projects that are the subject of these applications, to what extent should the Commission’s environmental review of these projects address the potential impacts of the development of all transmission projects that may be necessary to bring Tehachapi wind power to load.
7. SCE should also be prepared to discuss project economics and cost-effectiveness, including cost comparisons between alternative routes, as well as a proposed cost recovery mechanism.
8. Should the Commission request that the California Independent System Operator (CAISO) submit testimony on Tehachapi-area projects that have submitted requests for interconnection?

9. Who is responsible for considering any indirect costs that may be associated with the interconnection of large amounts of wind generation through the Antelope Transmission Projects? Are those costs to be included in the Commission analysis?
10. Would SCE's proposed projects necessitate amendments to the CAISO's tariffs to allow approval of transmission facilities not needed for reliability or economic purposes?
11. Any other issues raised in Public Utilities Code Sections 1001 and 1002 or Commission General Order 131-D.
12. If evidentiary hearings are necessary for Segment 1, what should be the scope of the hearings and what additional evidence is necessary?
13. If evidentiary hearings are necessary for Segments 2 and 3, what should be the scope of the hearings and what additional evidence is necessary?
14. Should hearings on the non-environmental issues raised by A.04-12-007 and A.04-12-008 be consolidated?

Schedule

Attached as Appendix A is a proposed schedule for the conduct of the proceedings on the applications. The parties should address any suggested changes to these schedules in their PHC Statements.

As part of the CEQA review process for A.04-12-007, the Commission's Energy Division will be scheduling Public Scoping Meetings in early June, 2005, to take comments from members of the public on SCE's proposed project, preferred route, and alternative routes. The Commission's Energy Division anticipates issuing a Draft Environmental Impact Report (EIR) addressing Segment 1 of the Antelope Transmission Project in September 2005, with a Final EIR in December 2005.

Service and Mailing Lists

Two separate lists will be maintained related to each application: an official service list and an environmental review mailing list.

A temporary service list for each proceeding has been created. All persons and organizations that formally filed a protest or submitted a letter or e-mail have been placed on this temporary service list. An electronic copy of the temporary service list may be obtained from the Commission's Process Office. The Process Office may be contacted by telephone at (415) 703-2021 or by mail at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102.

At the PHC, we will develop the official service lists, which will replace the temporary service lists and will be posted on the Commission's web site as soon as practicable. The official service lists will have three categories: Appearances, State Service, and Information Only.

Persons seeking to become a party in either proceeding shall appear at the PHC and complete an appearance form. To determine who should be granted party status, I will question each person regarding the planned level of participation. Persons who demonstrate a plan to actively participate in the evidentiary proceeding through presentation of testimony, cross-examination, or submission of briefs will be granted party status and will be listed as Appearances on the official service lists. Appearances shall be served with all documents parties submit in connection with the proceedings.

State employees who are not Appearances will be placed on the State Service portion of the official service lists either by appearing at the PHC and filling out an appearance form, or by mailing a written request to the Process Office requesting that they be added to the state service portion of the official

service lists. All of the names appearing on the State Service list shall be served with any documents parties submit in connection with the proceeding.

Persons who are not Appearances but want notice of hearings, rulings, proposed decisions, and decisions issued by the Commission will be categorized as Information Only. In addition, all documents served electronically shall be sent to Information Only names who have provided valid e-mail addresses. Persons seeking Information Only status may either appear at the PHC and complete an appearance form or mail a written request to the Process Office requesting that they be added to the official service lists for Information Only.

In addition to the official service lists, the Energy Division will maintain separate environmental review mailing lists for each application. All persons who filed protests or submitted correspondence to the Commission will be placed on the Energy Division's environmental review mailing list for the relevant proceeding. For additions or changes to the environmental review mailing list, please contact the Energy Division Project Hotline at 650-240-1720. All persons on the environmental review mailing list will be notified of environmental review activities, including public scoping meetings. They will also be notified of the public participation hearings.

At the PHC, we will discuss how the results of the environmental review being conducted by the Energy Division will be incorporated into this proceeding. If your interest in this proceeding relates to the preferred route of SCE's proposed project, development of alternatives to the proposed project, or other aspects of the environmental review of this project, you should be on the environmental review service list.

PHC Statements

Parties shall file PHC statements addressing these and other issues no later than May 18, 2005. While parties' PHC statements must be filed with the Docket Office in paper form, they should also be served on the service list in electronic form, pursuant to Rule 2.3. Paper format copies, in addition to electronic copies, should be served on the Assigned Commissioner and the assigned Administrative Law Judge, anyone on the Appearance and State Service portions of the service list who does not have a valid e-mail address, and any other party requesting paper format copy. If a party serves its PHC statement electronically, it should e-mail courtesy copies to the entire service list, including those appearing on the list as "Information Only." Parties filing PHC statements should bring 15 extra copies to the PHC.

Assistance in Participation in Commission Proceedings

The Commission has a Public Advisor who can assist persons who have questions about the Commission's decisionmaking process and how to participate in Commission proceedings. You can contact the Public Advisor's office by mail at the California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102 or by e-mail at public.advisor@cpuc.ca.gov. The toll-free telephone number is 866-849-8390.

Discovery

Parties may commence discovery at any time. Parties should raise any discovery disputes according to the procedure outlined in Resolution ALJ-164, which is available on the Commission's web site at the following link:

www.cpuc.ca.gov/PUBLISHED/FINAL_RESOLUTION/2538.HTM

Therefore, **IT IS RULED** that:

1. The Commission will hold a prehearing conference (PHC) at 10 a.m., on May 25, 2005, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

2. Parties should file PHC statements no later than May 18, 2005. Parties should serve PHC statements on the temporary service list, as well as on the Assigned Commissioner and assigned Administrative Law Judge.

Dated May 9, 2005, at San Francisco, California.

/s/ Julie Halligan
Julie M. Halligan
Administrative Law Judge

APPENDIX A

Draft Procedural Schedule – A.04-12-007

A.04-12-007	Date
Application Filed	December 9, 2004
Application Deemed Complete	April 6, 2005
Prehearing Conference	May 25, 2005
CEQA Scoping Meetings	June 2005
Assigned Commissioner Scoping Memo Issued	June 2005
SCE Supplemental Testimony served	June 22, 2005
ORA/Intervenor Testimony served	August 17, 2005
Rebuttal Testimony served	September 14, 2005
Case Management Statement Due	September 21, 2005
Public Participation Hearings	TBD
Evidentiary Hearings	September 26-30, 2005, as necessary
Concurrent Opening Briefs	October 2005
Concurrent Reply Briefs Filed	November 2005
CEQA Schedule	Date
Draft EIR expected	September 2005
Public Participation Meetings	October 2005
Final EIR published	December 2005
Draft Decision on CPCN/Certifying Final EIR issued	February 2006
Final Commission Decision on CPCN/Certifying EIR	March 2006

Draft Procedural Schedule – A.04-12-008

A.04-12-008	Date
Application Filed	December 9, 2004
SCE files Supplemental Application/PEA	June 30, 2005
Application Deemed Complete	August 2005
Prehearing Conference	September 2005
CEQA Scoping Meetings	September 2005
Assigned Commissioner Scoping Memo Issued	October 2005
SCE Supplemental Testimony	November 2005
ORA/Intervenor Testimony	December 2005
Rebuttal Testimony served	January 2006
Public Participation Hearings	TBD
Evidentiary Hearings	February 2006
Concurrent Opening Briefs	March 2006
Concurrent Reply Briefs Filed	April 2006
CEQA Schedule	Date
Draft EIR expected	March 2006
Public Participation Meeting	April 2006
Final EIR published	June 2006
Draft Decision on CPCN/Certifying Final EIR issued	July/August 2006
Final Commission Decision on CPCN/Certifying EIR	September 2006

(END OF APPENDIX A)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Setting Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated May 9, 2005, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.